

Contingency Funds, Project Level - REF8003

Scope

This reference document covers the control and distribution of contingency funds. Contingency funds are project funds that have been set-aside, or reserved, to cover project uncertainties, or may be generated during project execution when activity costs are less than anticipated. The greater the risk in a project, the greater the contingency funding. The process only covers the project part of contingencies. [REF8003, REF8011 and REF8017 all have contingency information, do we need the same information in all three places.](#) [Response: The program specific processes address the areas where the individual programs differ from each other. Some common information is included for clarity.](#)

Policy

AR 415-15, Army Military Construction Program Development and Execution
[\[http://www.usapa.army.mil/pdffiles/r415_15.pdf\]](http://www.usapa.army.mil/pdffiles/r415_15.pdf)

[Cost Engineering Policy and General Requirements - ER 1110-1-1300](#)

[Construction Cost Estimates - EI 01D010](#)

[Programming Cost Estimates for Military Construction - TM-5-800-4](#)

[Code 3 Design with Parametric Estimating – TI 802-01](#)

[Military Programs Cost Engineering – ER 1110-3-1300](#)

[Remedy Cost Estimating Procedures Manual "A Guide to Developing and Documenting Remedial Alternative Cost Estimates During the Feasibility Study" \(July 2000\)](#)

[Cost Engineering Regulation for HTRW - ER 1110-3-1301](#) [Response: Will add a USACE publications page to the portal for access to all technical guidance.](#)

Distribution

Project Manager (PM)

Project Delivery Team (PDT)

Ownership

The BP/P2 Configuration Manager is responsible for ensuring that this document is necessary and that it reflects actual practice.

Responsibility

The Project Manager (PM) is responsible for

- Tracking contingency funds and approving their distribution within projects; Project managers must certify that USACE-approved, customer contingency funding criteria have been met before authorizing use of such funds
- Controlling release of contingency funds
- Delegating approval and certification of contingency funds to a designated representative; contingency funds may be stored in a separate work item if desired
- Distributing the contingency funds; contingency funds shall not be distributed to a specific activity by anyone other than the designated representative, and distribution can be made to a specific activity only after established project-specific requirements have been met, certified and approved by the Project Manager or designated representative
- Returning remaining contingency funds to the customer upon project completion; once a project plan has been approved, the remaining contingency funding level is calculated as total available funding minus the current working estimate to complete that program or project (within P2, once a project plan has been approved, the project cost estimate for the project is defined as the sum of all actual resource/contract costs plus the sum of all estimated [remaining] resource/contract costs assigned to tasks and activities of the project plan). It should be noted here that expiring military contingency funds must should be returned to the customer if not obligated before the appropriation expires for new obligation. Response: Will be included in REF 8011

The Project Delivery Team (PDT) is responsible for budgeting for studies, designs and construction including a contingency amount commensurate with the level of risk or based on applicable policies.

Contingencies for Construction Estimates are done by Cost Engineering for obvious reasons, and it should remain so. We don't need PM's robbing construction contingencies to pay for design cost overruns or real estate problems. Response: Cost Engineering is part of the PDT.